

Message Text

SECRET

PAGE 01 GUATEM 01722 01 OF 04 172301Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----172358Z 094625 /72
O 172130Z MAR 77
FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC IMMEDIATE 5268

S E C R E T SECTION 1 OF 4 GUATEMALA 1722

EXDIS

FOR AMBASSADOR BUNKER ONLY

E.O. 11652: GDS
TAGS: OGEN PN PFOR
SUBJECT: US/PANAMA CANAL NEGOTIATIONS

REF: A) STATE 057150, B) GUATEMALA 1691

CONINUATION OF MEMCON SET FORTH REF B.

ESCOBAR: WE BOTH UNDERSTAND THAT THIS IS AN EXPLORATORY MEETING. HOWEVER, IT IS DIFFERENT IN NATURE FROM OUR REGULAR ROUNDS. THIS TIME WE SHOULD ATTEMPT TO EXPLORE THE ISSUES IN GREATER DEPTH. PRESIDENT CARTER HAS SET YOUR PARAMETERS, AS GENERAL TORRIJOS HAS SET OURS. YET IN THE FINAL ANALYSIS IT WILL BE THE HEADS OF STATE WHO WILL HAVE TO MAKE THE BASIC POLITICAL DECISIONS.

WE ARE NOT SUGGESTING THAT THOSE OF US GATHERED HERE TODAY ARE GOING TO MAKE AN AGREEMENT OR FORMULATE THE TREATY. HOWEVER WE DO BELIEVE THAT IF WE FOLLOW THE BASIC PRINCIPLES OF THE TACK/KISSINGER AGREEMENT, AS WELL AS THE THRESHOLD AGREEMENTS WE HAVE REACHED OVER THE YEARS, WE MIGHT BE ABLE TO FIND THE CORE OF A POSSIBLE TREATY. WE NEED TO PREPARE AN OUTLINE THAT WILL ALLOW OUR LEADERS TO ARRIVE AT THOSE BASIC POLITICAL DECISIONS. THEREAFTER,

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THE EXPERTS CAN TAKE OVER AND PUT INTO PRACTICAL TERMS THE CONSEQUENCES OF THOSE POLITICAL DECISIONS.

FOR EXAMPLE, WE HAVE ALREADY SUBMITTED PANAMA'S BASIC POSITION AS REFLECTED IN THE LETTER TO PRESIDENT CARTER. YOU CAN SEE THERE OUR POSITION REGARDING NEUTRALITY AND DEFENSE ARRANGEMENTS AFTER THE END OF THE TREATY.

WHETHER WE CAN DELIVER ON THIS WILL DEPEND ON THE SOLUTION OF THE OTHER POINTS THAT ARE INCLUDED IN THE POSITION OF PANAMA. TO REPEAT THERE ALL THE POINTS INCLUDED ON OUR POSITION WOULD SIMPLY MAKE US LOOSE VERY VALUABLE TIME.

WHAT THE MEMBERS OF THE REAMS GATHERED HERE WANT TO KNOW IS WHETHER IT IS POSSIBLE OR NOT TO TRANSMIT TO THEIR RESPECTIVE GOVERNMENTS A VERY SIMPLIFIED DRAFT OF THE QUESTIONS THAT CAN BE ACCEPTED AND OF THOSE THAT CAN NOT. WE SHOULD KNOW THIS BEFORE THE NEXT ROUND IS ANNOUNCED SO THAT WE CAN SEE THAT THE TWO COUNTRIES HAVE DEVELOPED ON THESE MATTERS.

IN THE CONTEXT OF THE GUIDANCE WE COULD PROVIDE I WOULD LIKE TO SUGGEST A SERIES OF HYPOTHESES ON SEVERAL ISSUES, AS A FRAMEWORK INCORPORATING THE FOLLOWING CONCEPTS:

- THAT PANAMA AND THE UNITED STATES AGREE ON THE NECESSITY THAT THE CANAL REMAIN NEUTRAL, PEACEFUL, AND OPEN TO ALL NATIONS AT ALL TIMES AND WILL CONSEQUENTLY DRAFT A PROVISION THAT REFLECTS THAT MUTUAL INTEREST;
- THAT REGARDING THE SECURITY OF THE CANAL AFTER THE END OF THE TREATY BOTH COUNTRIES AGREE THAT AN ATTACK BY A THIRD COUNTRY WOULD AFFECT THE SECURITY OF PANAMA, OF THE US, AND POSSIBLY OF OTHER COUNTRIES IN THE HEMISPHERE, AND THEREFORE A PROVISION WILL BE DRAFTED TO REFLECT THE NEED FOR SUCH

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SECURITY;

- THAT PANAMA NEEDS TO RECOVER AS SOON AS POSSIBLE ITS PORTS, RAILROAD AND LANDS, AND CONSEQUENTLY A PROVISION WILL BE DRAFTED TO DO SO PROMPTLY;
- THAT PANAMA, WITHIN THE PROVISIONS TO BE DRAFTED WILL POINT OUT THAT THE TRANSIT OF VESSELS WILL HAVE PRIORITY IN THE OPERATIONS OF THE PANAMANIAN PORTS;
- THAT WE MUST SEE AN APPRECIABLE REDUCTION IN THE PHYSICAL MILITARY PRESENCE OF THE US IN PANAMA, WITHOUT AFFECTING THE DEFENSIVE CAPABILITY OF THE CANAL BY THE US; AND THEREFORE A PROVISION IS DRAFTED TO APPRECIABLY DIMINISH THE NUMBER AND EXTENSION OF DEFENSE SITES;
- THAT IT IS NECESSARY FOR PANAMA TO ACHIEVE ITS ECONOMIC DEVELOPMENT THAT IT RECOVER A LARGE QUANTITY OF ITS LANDS AND WATERS WHICH ARE TODAY PART OF THE SO CALLED CANAL ZONE, AND CONSEQUENTLY A PROVISION IF DRAFTED IN ACCORDANCE WITH THE PROPOSAL SUBMITTED BY PANAMA IN FEBRUARY OF 1977. THIS PROVISION SHOULD

ALSO INCLUDE THE ADDITIONAL POINT MADE IN THE MESSAGE
TO PRESIDENT CARTER IN THE SENSE THAT THE QUANTITIES
OF LANDS SHOULD BE REDUCED, ESPECIALLY THOSE FOR
MILITARY AREAS OF TRAINING. THE QUANTITY OF LAND
SHOULD BE STRICTLY WHAT IS NEEDED FOR THE OPERATION
OF THE CANAL.

REGARDING THE MATTER OF THE YEAR 1990, I AM FRANKLY
SURPRISED BY YOUR REACTION. I THINK THAT WHAT HAS
HAPPENED IS THAT AMBASSADOR LINOWITZ, WHO HAS NOT BEEN
PRESENT DURING THE MANY YEARS OF OUR NEGOTIATIONS, HAS
NOT YET FAMILIARIZED HIMSELF WITH THE FACT THAT IT WAS
THE US THAT PROPOSED TO END THE ADMINISTRATION OF THE
CANAL IN 1990 IN EXCHANGE FOR PANAMA ALLOWING THE US
TO EXCEED THE YEAR 2000 IN MATTERS OF DEFENSE. SO
THIS IS NOT AN ARBITRARY DATE, OR ONE WE PICKED OUT OF
A BLUE SKY. AT THAT TIME WE DID NOT ACCEPT THAT DATE
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BECAUSE PANAMA DID NOT WANT A SECURITY PACT WHICH WOULD
GRANT THE US DEFENSE RIGHTS BEYOND THE YEAR 2000.

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S E C R E T SECTION 2 OF 4 GUATEMALA 1722

EXDIS

FOR AMBASSADOR BUNKER ONLY

BUNKER: REGARDING THE YEAR 1990 YOU WILL RECOLLECT
THAT IT WAS MADE AS A "WHAT IF" PROPOSAL. HOWEVER IT
WAS COUPLED WITH A DEFENSE PERIOD THAT WAS NOT ACCEPTABLE

TO PANAMA, AND IT WAS LATER WITHDRAWN BY US. IT IS NO LONGER ON THE NEGOTIATING TABLE.

LINOWITZ: FIRST I WOULD LIKE TO COMMENT THE CAREFUL ANALYSIS OF AMBASSADOR ESCOBAR. I THINK IT IS A GOOD SUGGESTION TO SEE IF WE CAN AGREE ON SOME BASIC PRINCIPLES, TO BE IMPLEMENTED LATER BY THE EXPERTS, AND SEE IF WE CAN PROVIDE THE FRAMEWORK OF A TREATY. I MUST SAY HERE THAT WE HAVE TO WORK OUT SOMETHING THAT HAS SOME PROSPECTS OF APPROVAL, USING OUR BEST JUDGMENT AND THE INSTRUCTIONS WE HAVE RECEIVED. MY PROBLEM IS HOW TO DEAL WITH THE GENERAL PRINCIPLES WHEN, IN THE FINAL ANALYSIS THEY WILL REQUIRE CAREFUL DELINEATION IF THEY ARE TO BE MEANINGFUL, INSTEAD OF BROAD STATEMENTS AND OPEN QUESTIONS.

FOR EXAMPLE, YOU TALK ABOUT THE NEED TO RECOVER THE PORTS, RAILROAD, LANDS, ETC., AND YET MY STUDY OF PAST NEGOTIATIONS SHOWS THAT A GREAT DEAL OF PROGRESS HAS BEEN MADE THROUGH THE COOPERATION OF US AND PANAMANIAN
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REPRESENTATIVES IN FINDING SOLUTIONS TO THE TRANSFER OF A NUMBER OF FACILITIES AND INSTALLATIONS. AS I HAVE SAID BEFORE, AND I REPEAT NOW, WE ARE WILLING TO SHOW A COOPERATIVE ATTITUDE AND SEE IF WE CAN FIND MORE POSSIBLE AREAS OF FLEXIBILITY AND OF SOME GIVE ON OUR PART. HOWEVER, I WOULD MISLEAD YOU IF I WERE TO TELL YOU THAT IT WOULD BE POSSIBLE TO TRANSFER ALL OF THE PORT OF BALBOA. THAT IS NOT WHAT I UNDERSTAND. WE WILL NEED FURTHER DISCUSSIONS TO DETERMINE THATAREAS IN THE PORT OF BALBOA CAN STILL BE THE SUBJECT OF EARLIER TRANSFERS. I AM AFRAID THAT GENERAL PRINCIPLES WITHOUT SPECIFICS WOULD ONLY PUT OFF A SOLUTIONS.

REGARDING DURATION AND NEUTRALITY I THINK THAT THE FORMULATION OF GENERAL PRINCIPLES CAN BE VERY USEFUL. SINCE THE LAST TIME WE MET, I HAVE DEVOTED CONSIDERABLE TIME, AND HAVE SPENT OVER ONE HUNDRED HOURS IN CONSULTATIONS TRYING TO FIGURE OUT A SOLUTION TO THE ISSUES OF DURATION, NEUTRALITY AND POST TREATY DEFENSE ARRANGEMENTS, IN A MANNER THAT WILL PERMIT US TO SAY TO OUR PEOPLE THAT WE HAVE DONE WHAT IS REQUIRED, AND THAT WILL ALSO PERMIT YOU TO SAY THAT PANAMA'S POSITION WITH RESPECT TO ITS SOVEREIGNTY HAS NOT BEEN AFFECTED. WITH THIS IN MIND I WANT TO SEE IF WE CAN TRY THE FOLLOWING SOLUTION TO THE PROBLEM OF NEUTRALITY. IT CONSISTS OF THREE POINTS:
FIRST: PANAMA, A TERRITORIAL SOVEREIGN, WILL DECLARE THE CANAL PERMANENTLY NEUTRAL. THIS IS AN

PRINCIPLE THAT YOU ALWAYS WANTED.

SECOND: AFTER THE TERMINATION OF THE TREATY ON THE CANAL,
ONLY PANAMANIAN TROOPS SHALL REMAIN IN PANAMA,
UNLESS PANAMA AND THE UWGA INITIATES SHOULD
OTHERWISE AGREE.

THIRD: ON THE STARTING DATE OF THE NEW TREATY, PANAMA
AND THE UNITED STATES WOULD COMMIT THEMSELVES
TO A REGIME OF NEUTRALITY WHICH SHALL BE

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MAINTAINED IN ORDER THAT THE CANAL REMAIN
SECURE, FREE AND OPEN.

THAT WOULD PERMIT YOU AN INTERPRETATION OF HOW YOU WISH
TO SEE IT DONE? AND YOU KNOW THE WAY WE WILL INTERPRET
IT REGARDING POST TREATY NEUTRALITY. IF YOU COULD
AGREE ON SUCH A FORMULATION I FEEL WE COULD MAKE
PROGRESS BECAUSE I HAVE SOME CONFIDENCE THAT WE COULD
GET THE REQUIRED APPROVAL. MAYBE ALSO IN SOME OTHER
AREAS WE COULD FIND GENERAL LANGUAGE THAT COULD BRING
YS CLOSER.

BUNKER: I MIGHT ADD, IN ADDITION TO THE POINTS MADE BY
AMBASSADOR LINOWITZ THAT ANY OUTLINE WE MIGHT PREPARE
WOULD HAVE TO INCLUDE OTHER POINTS THAT ARE OF GREAT
IMPORTANCE TO THE US. FOR INSTANCE, THE MATTER OF THE
RIGHTS OF CIVILIAN EMPLOYEES IS OF GREAT IMPORTANCE TO
US AND TO CONGRESS. IT WOULD NEED TO BE SPELLED OUT
AFTER CAREFUL NEGOTIATION, AND IT IS A SUBJECT THAT WE
HAVE NOT APPROACHED YET. THE QUESTION OF THE ENTITY
AND THE OPERATION OF THE CANAL DURING THE TERM OF THE
TREATY. IT IS THESE KINDS OF AREAS, AS AMBASSADOR
LINOWITZ HAS SAID, THAT WILL REQUIRE CONCRETE NEGOTIATION.
ESCOBAR: I THINK AMBASSADOR LINOWITZ HAS MADE A CORRECT
EVALUATION IN THE SENSE THAT WE SHOULD BECOME MORE
CONCRETE EACH TIME WE DEAL WITH THE DIFFERENT ISSUES,
SO THAT OUR HEADS OF STATE ARE IN A BETTER POSITION TO
STUDY AND DECIDE THESE MATTERS.

I ALSO THINK THAT THE TENTATIVE PROPOSAL YOU HAVE MADE
SPECIFICALLY REGARDING THE CONCEPT OF NEUTRALITY IS OF
THE KIND THAT WE MUST SUBMIT TO OUR HEAD OF STATE. IN
PASSING I SHALL NOTE THAT WE WILL STUDY IT WITH ALL
DUE CARE AND ATTENTION.

WE HAVE CERTAIN DIFFICULTIES UNDERSTANDING WHAT IS, AND
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WHAT IS NOT, VITAL TO THE INTEREST OF THE UNITED STATES.
YET WE FEEL THAT IF PANAMA IS READY TO SUBMIT TO ITS
COUNTRY THOSE QUESTIONS THAT WILL BE DIFFICULT FOR OUR

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S E C R E T SECTION 3 OF 4 GUATEMALA 1722

EXDIS

FOR AMBASSADOR BUNKER ONLY

PEOPLE TO ACCEPT, BECAUSE THEY ARE VITAL TO THE
UNITED STATES, THE US SHOULD BE READY TO PRESENT TO
ITS COUNTRY AND ITS PEOPLE THE DIFFICULT ISSUES BECAUSE
THEY ARE VITAL TO PANAMA. THIS IS THE ONLY WAY IN WHICH
THESE NEGOTIATIONS CAN PROGRESS. FOR EXAMPLE, REGARDING
THE ENTITY THAT IS TO BE CREATED FOR THE OPERATION OF
THE CANAL, IT SHOULD BE SPECIFIED THAT IT WILL DEVOTE
ITSELF EXCLUSIVELY TO CANAL OPERATIONS, AND NOT TO ANY
COMMERCIAL ACTIVITIES. WHEN PANAMA ASSUMES JURISDICTION
OF WHAT IS NOW THE CANAL ZONE, IT WILL OWN AND CONTROL
THE PORTS OF BALBOA AND CRISTOBAL. PANAMA WILL ADOPT
THE MEASURES TO INSURE THAT THE ENTITY, WITHIN THE PORTS
WILL HAVE OPERATING PRIORITY TO FACILITATE THE TRANSIT
OF VESSELS THROUGH THE CANAL. ALSO AT THE TIME OF THE
SIGNATURE OF THE TREATY, THE RAILROAD OF PANAMA WILL
BECOME THE PROPERTY OF THE REPUBLIC OF PANAMA. THE
UNITED STATES ACCEPTS THE PROPOSAL ON LANDS AND WATERS
PRESENTED BY PANAMA IN FEBRUARY 1977 AND ITS ATTACHED
"MODUS OPERANDI". THE US WILL APPRECIABLY REDUCE THE
TRAINING AREAS. THE REPUBLIC OF PANAMA WILL COMPLETELY
OCCUPY ANCON HILL, AND IF THERE ARE ANY INSTRUMENTS
OF A TECHNICAL OR MILITARY NATURE ON IT, PANAMA WILL
ALLOW ACCESS WITHOUT INTERFERENCE, IN ACCORDANCE WITH

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A COORDINATED PLAN. THE DISTINGUISHED AMBASSADORS MUST REALIZE THAT THESE SPECIFIC FORMULATIONS ARE AS VITAL TO PANAMA, AS DEFENSE AND NEUTRALITY ARE TO THE UNITED STATES, AND EACH COUNTRY MUST FACE THE RESULTING RESPONSIBILITIES.

THERE IS NOW WAY IN WHICH WE CAN GO HOME WITH AN AGREEMENT THAT IS SPECIFIC REGARDING NEUTRALITY AND DEFENSE, AND YET IS NOT SPECIFIC AND CONCRETE REGARDING THE RECOVERY BY PANAMA OF ITS TERRITORY. REGARDING DURATION TO THE YEAR 1990, IT IS A MATTER ON WHICH I INSIST THAT WE CAN TAKE IT BACK TO OUR RESPECTIVE HEADS OF STATE SO THAT WE MAY CONTINUE RESOLVING THE MATTER. IF WE COULD REACH SUCH A TENTATIVE DRAFT AT THIS MEETING, THESE KINDS OF SPECIFIC FORMULATIONS WOULD BE ADVANCING OUR PURPOSES. I HONESTLY DON'T THINK IT IS POSSIBLE TO BE SPECIFIC ON NEUTRALITY AND DEFENSE, IF THE US DOES NOT WANT TO BE SPECIFIC ON WHAT PANAMA WANTS TO RECOVER, WHICH FOR PRACTICAL PURPOSES REPRESENTS THE RAPID DISMANTLING OF THE CANAL ZONE.

BUNKER: I THINK THAT IN POINTING OUT THE ISSUES THAT ARE OF IMPORTANCE TO PANAMA, SUCH AS THE RECOVERY OF THE LANDS AND WATERS, YOU DO REQUIRE FURTHER CONFERENCES AND NEGOTIATIONS. I HAVE INDICATED THAT WE COULD POSSIBLY DO SOMETHING REGARDING THE RAILROAD AND HOUSING. MAYBE THERE ARE OTHER THINGS WE COULD TURN OVER TO PANAMA IN THE AREAS OF THE PORTS, BUT FIRST IT IS NECESSARY TO NEGOTIATE THESE THINGS OUT BEFORE WE CAN INCORPORATE THEM IN THE KIND OF DOCUMENT THAT YOU ARE SUGGESTING. THE DOCUMENT OUGHT TO COME CLOSER TO EACH SIDE'S POSITIONS. WE CAN'T PRESENT A DOCUMENT WITH YOUR POSITIONS AND OUR POSITIONS, YET WITH FURTHER DISCUSSION WE COULD DRAW THE POSITIONS CLOSER. YOU WANT TO RECOVER AS MUCH OF THE LANDS AND WATERS AS POSSIBLE; WE WANT THE MINIMUM NECESSARY FOR THE OPERA-
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TION AND DEFENSE OF THE CANAL. I FEEL THAT WE HAVE COME CLOSER ON THIS ISSUE THAN ON THE OTHERS. ON THE OTHER HAND, IT IS IMPORTANT TO US ESPECIALLY FOR THE PURPOSE OF SUBMITTING THE TREATY TO CONGRESS, THAT WE DEAL WITH THE RIGHTS OF THE CIVILIAN EMPLOYEES, WHICH IS A MATTER WE HAVE NOT EVEN DISCUSSED. WE

FACE CERTAIN DIFFICULTIES, BUT THEY ARE NOT INSUPERABLE,
IN DEVELOPING THE KIND OF DOCUMENT THAT YOU HAVE
SUGGESTED.

LINOWITZ: I WOULD LIKE TO SAY A WORD TO BETTER RELATE
TO YOUR APPROACH. FIRST, IT IS NOT A MATTER THAT WE
WANT TO BE SPECIFIC ON NEUTRALITY AND YET REMAIN GENERAL
ON THE OTHER MATTERS. ON THE CONTRARY, OUR PROPOSAL
ON NEUTRALITY IS OF A GENERAL NATURE, AND WE WILL NEED
TO WORK OUT THE RULES. WE WANT TO AGREE ON THE
PRINCIPLE, AND LATER FILL OUT THE APPROPRIATE SPECIFICS.
SECONDLY, IF YOU UNDERSTAND WHAT WE ARE TRYING TO DO,
WE WILL BE BETTER ABLE TO SERVE OUR MUTUAL INTERESTS.
AS AMBASSADOR BUNKER HAS SAID WE COULD TAKE ANY SHORT
OF PROPOSALS YOU MAKE AND SUBMIT THEM. HOWEVER, WE AS
FRIENDS, WOULD NOT BE SERVING OUR CAUSE WILL IF WE DID NOT
DISCUSS AND EXPLAIN WHAT IS POLITICALLY FEASIBLE. I
DO NOT FAVOR PRESENTING SOMETHING THAT IS GOING TO BE
REJECTED, BUT I WILL DO IT IF YOU INSIST. ON THE ENTITY
YOU SAY THAT IT SHOULD BE RESTRICTED TO OPERATIONS ONLY
AND NOT TO COMMERCIAL ENTERPRISES. YET, WHO IS GOING TO
DETERMINE WHAT ARE COMMERCIAL ACTIVITIES? HOW IS IT
GOING TO BE DONE? ON THE MATTER OF JURISDICTION OVER
BALBOA AND CRISTOBAL, I KNOW IT IS NOT GOING TO HAPPEN.
MAYBE SOME CHANGES ARE POSSIBLE, BUT NOT YOUR FULL
OWNERSHIP AND CONTROL OF BALBOA AND CRISTOBAL. ON THE
RAILROAD, AS AMBASSADOR BUNKER SAID, WE CAN TALK.
THERE ARE POSSIBILITIES FOR EXPLORING THE MATTER
FURTHER. REGARDING THE LANDS AND WATERS PRESENTATION
OF FEBRUARY 1977 AND ITS MODUS OPERANDI, WE CANNOT
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ACCEPT IT. ON ANCON HILL I CANNOT TELL YOU IT IS
POSSIBLE BECAUSE THERE ARE CERTAIN PROBLEMS, BUT WE
CAN EXPLORE THE MATTER FURTHER. WE ARE WILLING TO
HEAR ABOUT THE YEAR 1990 INSTEAD OF THE YEAR 2000 BUT

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S E C R E T SECTION 4 OF 4 GUATEMALA 1722

EXDIS

FOR AMBASSADOR BUNKER ONLY

YOU WON'T GET IT AND IT WON'T SERVE YOU WELL TO INSIST ON IT. WE CAN TAKE UP THE DRAFT THAT PANAMA WANTS, BUT I FEEL IT WOULD BE BETTER IF WE COULD GET CLOSER, IN ORDER TO OBTAIN APPROVAL.

THERE ARE TWO COURSES OF ACTION OPEN TO US. WE COULD LIST, SIDE BY SIDE, YOUR POSITION FOR SUBMISSION TO GENERAL TORRIJOS, AND OUR POSITION FOR SUBMISSION TO PRESIDENT CARTER, AND THEY CAN STUDY THEM AND OBSERVE THE DIFFERENCES. ALTERNATELY, WE COULD TRY TO NARROW DOWN OUR DIFFERENCES. THIS IS FEASIBLE, BUT WE WILL FOLLOW WHATEVER COURSE OF ACTION YOU SUGGEST.

ESCOBAR: REGARDING THE FIRST ALTERNATIVE THAT EACH SIDE PRESENT ITS OWN POSITION, IT DOES NOT MAKE SENSE. FOR A LONG TIME NOW WE HAVE BOTH KNOWN WHAT OUR RESPECTIVE POSITIONS HAVE BEEN. THE SECOND METHOD IS MORE APPROPRIATE AS LONG AS THE APPROXIMATION OF POSITIONS IS NOT EXCLUSIVELY ON THE ISSUES OF NEUTRALITY AND DURATION BUT EXTENDS ALSO TO OTHER ISSUES THAT ARE ESSENTIAL TO PANAMA. ALL ISSUES THAT YOU CLAIM ARE VITAL TO YOU, ARE IN FACT MOSTLY SECONDARY. THIS CONFUSES THE PANAMANIAN SIDE. YOU SAY YOU CANNOT GO TO CONGRESS WITH-
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OUT A GUARANTEE ON NEUTRALITY AND ON DEFENSE BEYOND THE YEAR 2000 AGAINST ATTACKS FROM THIRD COUNTRIES BECAUSE THEY WOULD NOT APPROVE THE TREATY. WE UNDERSTAND THAT. BUT YOU ALSO TELL US THAT YOU CAN'T GO TO CONGRESS WITH THE ISSUES OF THE PORTS, THE RAILROAD, ANCON HILL, THE LANDS AND WATERS, THE COMMERCIAL ACTIVITIES. WE REALLY DON'T KNOW WHAT YOU CAN GO TO CONGRESS WITH, AND WE MUST SAY THAT WE ARE CONFUSED.

WE MUST INSIST ON KNOWING WHAT IS VITAL TO THE US AND WHAT IS NOT VITAL. IN THEORY, NEUTRALITY AND DEFENSE ARE VITAL, AND YET IN PRACTICE, WHEN WE COME DOWN TO IT, EVERYTHING IS VITAL. WE FAIL TO UNDERSTAND THIS. WE

HONESTLY THINK THAT IT IS POSSIBLE TO REACH A CLOSER APPROXIMATION OF OUR POSITIONS ON THESE MATTERS. IN THE SAME WAY AS YOU REQUIRE GREATER SPECIFICITY ON THE ISSUES OF NEUTRALITY AND DEFENSE, SO DO WE REGARDING THE DISMANTLING OF THE ZONE. I FEEL WE CAN DO THIS WITH GOODWILL. IF YOU NEED TO UNDERTAKE CONSULTATIONS ON THESE PROBLEMS, WE WILL KEEP IN TOUCH AND SEE WHAT THE RESULTS OF THESE CONSULTATIONS ARE. PRESIDENT CARTER SAID THAT HE WANTED TO SEE A RAPID SOLUTION TO THE NEGOTIATIONS WITH PANAMA, AND GENERAL TORRIJOS ALSO WISHES TO REACH A RAPID SOLUTION. THIS IS THE REAL CORE OF THE MATTER. TO REACH A DECISION.

I FAIL TO SEE WHY THE PORTS OF BALBOA AND CRISTOBAL CANNOT BE TRANSFERRED TO PANAMA WHEN EIGHTY PERCENT OF THE CARGOES ARE ACTUALLY SHIPMENTS DESTINED TO PANAMA AND ARE NOT RELATED TO CANAL TRANSITS. AS LONG AS IN THE PORT AREAS PRIORITY IS ASSURED TO VESSELS IN TRANSIT I CANNOT SEE THAT THE PORTS ARE VITAL TO THE US. I MUST INSIST TO THE DISTINGUISHED AMBASSADORS THAT EACH TIME WE GET INTO A DISCUSSION OF THIS PROBLEM WE ENTER INTO A VICIOUS CIRCLE IN WHICH ALL IS VITAL TO THE US. WE WISH TO SEPARATE WHAT IS VITAL TO THE US FROM WHAT IS SECRET

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VITAL TO PANAMA. I THINK THIS WILL BRING US CLOSER.

IF YOU SEEK FLEXIBILITY FROM PANAMA ON NEUTRALITY AND DEFENSE, THE US MUST ALSO BE FLEXIBLE ON THE OTHER ISSUES THAT ARE IMPORTANT TO PANAMA.

LINOWITZ: I HAVE SOMETHING TO SAY AND I WOULD ASK YOU TO LISTEN CAREFULLY. WE WANT TO SHOW A SPIRIT OF FLEXIBILITY TO TRY TO FIND A WAY OF RESOLVING THE ISSUES BEFORE US. AMONG THE AREAS WE HAVE EXPLORED, AND WHICH I INTENDED TO INDICATE TO YOU LATER, BUT THAT I SHALL PRESENT TO YOU NOW TO SHOW HOW SERIOUSLY WE ARE CONSIDERING THE VITAL ISSUES AND SEEKING ROOM FOR FLEXIBILITY, IS THE FOLLOWING.

WHEN WE READ OVER OUR PROPOSAL ON NEUTRALITY WE DECIDED TO SAY THAT WE WILL NOT INSIST ON A MUTUAL ASSISTANCE TREATY. IF YOU ACCEPT OUR FORMULA ON NEUTRALITY, WE WILL NOT PRESS FOR A SECURITY PACT. I THINK THAT IT IS A TREMENDOUS THING FOR THE US TO SAY THIS. WE DO SO BECAUSE WE ARE TRYING TO FIND A WAY WHICH IS SATISFACTORY FOR YOU AND MEETS OUR NEEDS. REGARDING THE RAILROAD I THINK THERE MIGHT ALSO BE A WAY TO SHOW GREATER FLEXIBILITY. I HOPE THAT YOU WILL STUDY THIS APPROACH THAT I WANTED TO BRING UP BEFORE

WE GO TO LUNCH.

NOTE: MORNING MEETING WAS RECESSED FOR LUNCH AT 1:45 PM.

MORE TO FOLLOW.

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Message Attributes

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SAS ID: 3082509
Secure: OPEN
Status: NATIVE
Subject: US/PANAMA CANAL NEGOTIATIONS
TAGS: OGEN, PFOR, PN, PQ, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/57ad09b7-c288-dd11-92da-001cc4696bcc
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